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DATE: May 7, 2014

TO: Desiree Peagler, Chief Judge-Juvenile Court

FROM: Cornelia Louis, Interim Deputy Director of Finance – Internal Audit & licensing

SUBJECT: Juvenile Court

RE: 2013 Management Report

General Information

Internal Audit has examined the financial records of Juvenile Court for the period beginning January 1, 2013 and ending December 31, 2013. These records are summarized in our annual audit report on Juvenile Court. The Deficiencies, Observations, Comments, and Recommendations herein address the financial operations of the court.

Deficiency I- Reimbursement of Charges

Juvenile Court (Court) was charged \$396.86 for check printing in October 2012; the Court personnel mentioned a request for reimbursement was submitted to the County for the charges. No documentation was provided to Internal Audit to support the request for reimbursement. As of report date, the Court has not been reimbursed by Finance-Division of Treasury and Accounting Services (DTAS) for the operational expenses.

The fines and fees collected by the Court are held in fiduciary capacity and cannot be used to support the operations of the Court. The County provides funding for Court operations. Unreimbursed money may result in untimely remittance to the respective agencies. Most fines and fees collected are due the last day of the month following the month in which it was collected.

Recommendation I

Internal Audit recommends that requests for reimbursements for operational expenses be submitted to DTAS with adequate supporting documentation. In addition, copies of all requests should be maintained for recordkeeping. We suggest that both organizations work together to ascertain reimbursements are processed timely.

Deficiency II-Cash Deposits

Cash and checks are not deposited into the bank timely. At times, funds were not deposited by the Court for periods of up to 3 to 5 business days. The Court's reliance upon a security escort has contributed to some of the delay.

Recommendation II

Due to the amount of cash collected by the Court on a daily basis, cash receipts should be deposited daily. Timely deposits reduce the risk of fraud or misappropriation.

Observation I - Bank Reconciliations

The Court's bank reconciliations do not include uncleared/stale dated checks as a reconciling item. The uncleared/stale dated checks were voided on the Court's ledger, but stop payments were not placed on these checks.

A check is considered stale dated after a period of six months from the issue date. However, the bank maintains the option to either pay or dishonor any stale dated items presented to the bank. Stale dated checks are not invalid, but may raise suspicion of whether or not the funds are collectible. The Court's premise is that upon presentation of the stale dated checks to the bank for payment, they should not be honored.

Also, the bank reconciliations did not have the required signatures demonstrating proper supervisory review and approval.

Recommendation II

We recommend that the stale dated checks be identified as uncleared checks in QuickBooks Accounting Software and considered as an ongoing reconciling item until the items are voided appropriately, reissued, or escheated within the stipulated 5-year time frame designated by law. The recipients are entitled to the funds and presentation for payment could be requested at any time, if the stop payments are not placed on the voided checks. Checks are escheated to Georgia Department of Revenue.

Also, upon completion of the monthly bank reconciliation, management should review and sign bank reconciliations.

Observation II – Uncleared Checks

The Court has approximately 67 outstanding checks with dates ranging between 2008 through 2013, which have not been presented to the bank for payment.

Recommendation I

Due to the Court's fiduciary position, all funds are scheduled to be disbursed for its intended purpose. Therefore, the Court should follow up on outstanding checks after six months. After two or three years, it may be difficult to locate the payee. If the payee has misplaced the check, a replacement check should be issued. The issuance of the replacement check should be contingent upon receiving an affidavit from the payee certifying that the stale or voided check will not be cashed.

Currently, due to limited staffing the Court does not have the resources to follow up on outstanding checks.

Observation III-Updated Written Procedures

The Court sought reimbursement for check printing charge of \$38.88 incurred in August 2008. DTAS sent a check to the Court for \$38.88. Court personnel deposited the check into the operating account, and then disbursed \$38.88 back to the County. Court personnel did not know how to process the check because there were no written procedures or instructions on how to process reimbursements for operational expenses incurred.

Recommendation III

We recommend that all functions of the Court be clearly documented in a procedures manual. Written procedures are beneficial for the training of current and new employees and are a valuable resource in the event an employee leaves the Court. Written procedures reduce the risk of loss of funds and disruption of operations.

Comment I – Replenishment of Witness Fee Account

In May 2013, the Court closed its Witness Fee account with SunTrust Bank. There was no activity within the account during the period under review and the preceding year. The Court's only obligation during the year was bank service fees, which exhausted the funds in the bank account. Also, the Court did not request funding through their budget for witness fees. As a result, the account was not replenished and the police officers requesting compensation were not paid. Internal Audit was informed that requesting officers were paid by their respective prescient.

Comment II – Banner System

The Court uses Banner and QuickBooks as its Case Management and Financial systems, respectively. Currently, in Banner, receipts are sequentially ordered. However, the numbers frequently skips through the sequence while processing a receipt.

Also, the cashier is unable to process multiple payment types on a single receipt. Payments for traffic and probation violations cannot be processed simultaneously on the same receipt.

Reports generated from the Banner system lack integrity. At times, the balance due amounts are missing, or the Court Ordered date is not shown.

The Banner Case Management system does not have a financial component. No report exists that include: fee or fine type, case number, date ordered, amount due, due date or payment end date and current balance.

The Court should explore the option of upgrading its computer systems because of the continued challenges.

Comment III – Safeguarding Cash

Internal Audit was informed that daily cash deposits are taken to the SunTrust Bank by the Accounting Technician. The lack of security poses a high risk to both the employee and the County alike. Previously, DeKalb County Sheriff Department provided the required security and escort services. Appropriate precautions should be taken when transporting cash to the bank. Internal Audit recommends the Court obtain escort security from the Sheriff's office. The added

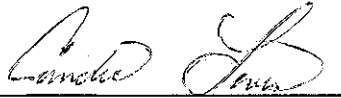
security minimizes the risk to the employee and misappropriation of funds.

Comment IV- Manual Bank Reconciliations

Currently, the Court performs manual bank reconciliations for the operating account. We encourage the Court to utilize the bank reconciliation tool incorporated in QuickBooks. This would increase efficiency of the reconciliation process and accuracy of the bank reconciliation.

Also, it would be beneficial if the Court seeks training for the users of the QuickBooks system; so as to fully maximize and utilize all resources in the software.

Internal Audit expresses appreciation for the assistance provided by your staff during our review. Please let us know if you have any questions or concerns.



Cornelia Louis

CL/CCH

cc: Zachary Williams, Executive Assistant/Chief Operating Officer
Gwen Brown-Patterson, Interim Chief Financial Officer/Finance Director
Jeff Mann, Interim DeKalb County Sheriff
Claudette Leak, Administrative Project Manager
Lekishia Avery-Delay, Clerk of Juvenile Court